FISCAL NOTE

Bill #: **SB0253**

Title: Revising air quality operation fees

Primary Sponsor: Lorents Grosfield

Status: **As introduced**

Sponsor signature Date

Dave Lewis, Budget Director Date

Fiscal Summary

	FY2000 Difference	**FY2001 Difference**
FTE	6.00	6.00
Expenditures:		
State Special Revenue – Base Program	$ 471,545	$ 471,545
State Special Revenue – New Proposals	$ 661,880	$ 661,880
Revenue:		
State Special Revenue (02)	$1,133,425	$1,133,425
Net Impact on General Fund Balance:	**0**	**0**

Yes	**No**		**Yes**	**No**	
	X	Significant Local Gov. Impact		X	Technical Concerns
X		Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. This bill was introduced to adopt an increased air operating fee schedule to adequately fund both the existing air quality program and new proposals. The bill also would codify in statute existing air quality permit application and open burning fees that are currently set by rule.
2. Operation fees were enacted as a requirement of the 1990 amendments to the Clean Air Act (CAA). Title V of the CAA requires the state to collect operation fees sufficient to adequately support the Title V Operating Permit Program in order to maintain primacy.

3. Operating fees contained in this bill reflect an increased rate to adequately fund the air quality program to the current FY 1999 appropriated level and to fund the FY 2000 and FY 2001 present law base and new proposals.
4. FY 1999 fees were artificially low because the department used all of the available carryover ($400,000) from the previous year to reduce the fees to the absolute minimum amount necessary to fund the program. The 1999 fee would have been $20.38 instead of the current $14.15 if there had been no carryover.
5. The fee calculation was based on an average of 1996/1997 emissions (110,325 tons) and the proposed $29.90 per ton charge. It also was based on a proposed administrative fee of $400 and a maximum fee of $250,000. (total collection of $2,680,703)
6. The descriptions of fiscal impact are divided into two parts: base programs and new proposals. Expenditure and revenue amounts reflect those contained in the DEQ Executive Budget request.
7. Personal services differ between base programs and new proposals because of entry level and long-term FTE rates.
8. If this bill does not pass, no new proposal decision packages can be funded by air quality fees, in addition to present law impacts identified below.
9. This fee increase would be approved by the electorate in a 1999 election pursuant to the requirements of CI-75. An election date of June 1999 is important; however, the new proposals will be implemented after the new fee passes voter approval. The companion bills that contain the cost of the votes are SB 254 and SB 255.
10. The increased revenue would be effective July 1, 1999, or when approved by the electorate.

FISCAL IMPACT:

	FY2000 Difference	FY2001 Difference
FTE - Base Program	7.5	7.5
FTE - New Proposals	6.0	7.0
Expenditures:		
BASE PROGRAM:		
Personal Services	$315,935	$315,935
Operating Expenses	$155,610	$155,610
TOTAL BASE	$471,545	$471,545
NEW PROPOSALS:		
Personal Services	$198,804	$229,029
Operating Expenses	$463,076	$432,851
TOTAL NEW PROPOSALS	$661,880	$661,880
TOTAL BASE/NEW PROPOSAL TOTAL	$1,133,425	$1,133,425
Funding:		
State Special Revenue (02) – Base Programs	$ 471,545	$ 471,545
State Special Revenue (02) – New Proposals	$ 661,880	$ 661,880
TOTAL	$1,133,425	$1,133,425

Revenues:		
State Special Revenue (02)	$1,133,425	$1,133,425
Net Impact to Fund Balance (Revenue minus Expenditure):		
State Special Revenue (02)	0	0

LONG-RANGE IMPACTS:

Air quality fees cumulatively need to increase in FY 2000 and FY 2001 to adequately support the program. DEQ has requested the introduction of four bills to accomplish necessary fee increases and codify existing fees. Operation fees were enacted as a requirement of the 1990 amendments to the Clean Air Act (CAA). Title V of the CAA requires the state to collect operation fees sufficient to adequately support the Title V Operating Permit Program in order to maintain primacy. If this bill does not pass, the resulting reduction in revenue caused by the passage of this bill could endanger primacy of delegated air quality programs and require elimination of lower priority department programs.